

ORIGINAL



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ARIZONA CORPORATION COMMISSION

September 9, 2005

Via Facsimile &
First Class Mail

Paul J. Roshka, Jr., Esq.
Roshka Heyman & DeWulf, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

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AZ CORP COMMISSION
DOCUMENT CONTROL

Re: In the matter of Yucatan Resorts, et al. (Case No. S-035394-03-0000)

Dear Mr. Roshka:

First and foremost, I am writing in response to a letter I received from you earlier today. In that letter, dated September 8, 2005, you attempted to document certain statements that I had allegedly made to you over the phone; because there are several minor inaccuracies in this letter, I feel compelled to correct them for record.

It was during a call on Wednesday, September 7, 2005 that you asked me for a number of items. The first thing you requested from me was the trial or hearing transcript of each legal proceeding in which Ms. Slazyk and Ms. Taplin testified. As I explained to you then, not only was there be no way to acquire these materials in the two business days before these individuals' depositions, but that some of these materials might not even be available for viewing.

With respect to your second demand for the deponents' work papers, Administrative Law Judge Stern made it very clear during the first segment of this trial that you were eligible to review the documentation underlying the financial analyses produced by the two Division witnesses at issue, but you were not entitled to their work papers. We complied with the Judge's directive, and you received approximately 15 boxes of (your clients' own) financial records.

Your third request on Wednesday September 7, 2005 demanded that "all communications, e-mails, correspondence, etc" be produced. This is such a vague and ambiguous demand that I still do not know precisely what you are seeking. Moreover, and as discussed above, the production issue for these forensic accounting witnesses was addressed at some length back in April of this year. We have subsequently produced every box of documents

that we were instructed to produce for these witnesses. E-mails, correspondence and etc. were not part of that instruction.

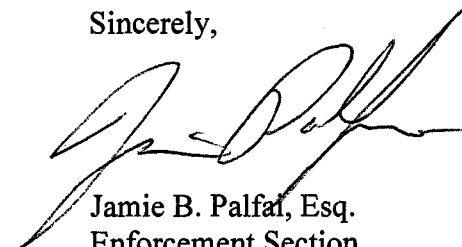
Next, you suggest that I claimed that "exhibits 30-34 will constitute the crux of their testimony." This is not what I said. I actually stated that exhibits 30 through 34 would be the central focus of one or more of these witnesses *to the extent* that discussions concerning exhibits are involved. Other matters will be addressed, and many other exhibits may be discussed in addition to S-30 through S-34. I gave you some examples of other exhibits likely to be discussed, but this was in no way meant as an exhaustive listing.

Along similar lines, you keep referring to the witnesses as though "they" have done this or that "they" will be testifying to one thing or another. Please note that the witnesses have not reviewed exactly the same documents and they are not going to be testifying about the very same things. For instance, Ms. Slazyk has not reviewed the EUO materials cited in your letter.

On a separate note, we have concluded that Ms. Slazyk need not be recognized as an expert witness in this particular instance, but will instead be testifying as a fact witness. Ms. Taplin will remain as an expert forensic accounting witness. This decision to use only one expert accounting witness was made for several reasons, not least of which was to obviate the need for you to spend hours assailing Ms. Slazyk's credentials as an expert. In light of this decision, there are no grounds for you to depose Ms. Slazyk prior to the resumption of this hearing. Accordingly, we requested an informal cancellation of this deposition earlier this morning. You have since refused.

I subsequently asked you to join me in a conference call with Mr. Stern today to resolve this "deposition of a fact witness" matter, but you have again declined. As such, I will attempt to contact Judge Stern first thing Monday morning to resolve this issue.

Sincerely,



Jamie B. Palfai, Esq.
Enforcement Section
Arizona Securities Division

cc: Administrative Judge Stern (*hand-delivered*)
Docket Control x13
Joel Held, Esq. (*fax and mail*)